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Intersecretariat Working Group on National Accounts

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-eighth session,** the Secretary-General has the honour to transmit to the Statistical Commission the report of the Intersecretariat Working Group on National Accounts. The Commission is requested to adopt the final draft of volume 1 of the updated System of National Accounts. This request, and other points for discussion by the Commission, are set out in paragraph 43 of the present report.

* E/CN.3/2008/1.
** See *Official Records of the Economic and Social Council, 2007, Supplement No. 4* (E/2007/24), chap. I.B.

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Report of the Intersecretariat Working Group on National Accounts

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I. Introduction

1. At its thirty-eighth session, the Statistical Commission:

(a) Commended the Intersecretariat Working Group on National Accounts for completing in a transparent manner the recommendations on the 44 issues identified for the update of the *System of National Accounts, 1993* (1993 SNA)[1] and for involving the global statistical community in accordance with the agreed timetable;

(b) Adopted the package of recommendations on the update of the 1993 SNA presented by the Intersecretariat Working Group to the Commission, as set out in the background document entitled "The full set of consolidated recommendations", with additional considerations on five issues as set out in sections III.C and III.D of the report of the Intersecretariat Working Group on National Accounts (E/CN.3/2007/7) and in the background document containing its supplement;

(c) Emphasized the need to establish guidelines on when to recognize pension entitlements in the core set of accounts, to undertake additional research on the estimation of research and development as capital formation, to provide guidelines taking into consideration the impact of the treatment of goods for processing on input-output analysis and the recording of international trade and to elaborate on the guidelines on the integrated measurement of the informal sector within the national accounts;

(d) Reiterated its request to the Intersecretariat Working Group to submit to the Commission in 2008 a strategy for the implementation of the updated *System of National Accounts* (SNA), based on regional consultations in 2007, reflecting user perspectives and taking into account the different levels of implementation across countries;

(e) Took note that the current update had retained the framework of the 1993 SNA and therefore encouraged countries to continue to implement it;

(f) Requested the Intersecretariat Working Group to act on the concerns raised by the Commission with regard to supporting countries in establishing a basic data collection strategy for the implementation of the SNA, the integration of the informal sector in the national accounts and the need for capacity-building to implement the strategy and recommendations;

(g) Underlined the importance of preparing handbooks and manuals with implementation guidance and to enhance capacity-building through training and technical assistance;

(h) Took note of the proposal by the Intersecretariat Working Group to present to the Commission the draft of the update of the 1993 SNA in two volumes: volume 1, in 2008, comprising a full set of chapters representing the framework in terms of accounting conventions, the accounts and the integration of the accounts, and incorporating the adopted recommendations on the 44 issues; and volume 2, in 2009, comprising interpretations of the accounts and extensions, such as satellite accounts;

[1] United Nations publication, Sales No. E.94.XVII.4.

(i) Requested the Intersecretariat Working Group to continue to report to the Commission on the progress in the implementation of the SNA by countries, focusing on scope, coverage and quality;

(j) Supported the formation of a high-level group to examine the long-term implications of the SNA and possible future changes, taking into consideration rapid changes in the global economy; the need to balance users' needs; theory and the ability to collect primary data; the choice between imputed versus observable transactions; and the role of satellite accounts vis-à-vis core accounts; and requested the Intersecretariat Working Group to establish the high-level group and to ensure broad country representation in it.

2. Section II below provides an overview of the preparation of SNA and requests the Statistical Commission to approve the draft of volume 1 of the updated SNA. Section III presents a strategy for the implementation of the updated SNA. Section IV describes actions taken in response to the Commission's recommendation regarding the creation of a high-level group on development of the SNA. The full text of the chapters submitted for adoption is available at http://unstats.un.org/unsd/sna1993/draftingPhase/ChapterList.asp. Points for discussion are contained in paragraph 43 of the present report.

II. Preparation of the updated System of National Accounts

A. Background

3. In 2003, the United Nations Statistical Commission called for an update of the 1993 SNA. The update was to bring the accounts into line with the new economic environment, advances in methodological research and the needs of users. The Commission mandated that the update would not recommend fundamental or comprehensive changes to the 1993 SNA that would impede its implementation, that recommendations for change should consider feasibility of implementation and that consistency with related manuals should be an important consideration.

4. The Intersecretariat Working Group on National Accounts — comprising the Statistical Office of the European Communities (Eurostat), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the United Nations and the World Bank — was asked to organize and coordinate the update project and was assisted in its work by a project manager and an editor.

5. The Statistical Commission endorsed the establishment of the Advisory Expert Group on National Accounts, with experts from all regions of the world, to play a key role. The Commission emphasized the need for the broadest possible involvement of the global statistical community in the update project. The project website, http://unstats.un.org/unsd/nationalaccount/snarev1.asp, maintained by the United Nations Statistics Division, promotes the mandated transparency and wide involvement, especially of national accounts experts. The website provides comprehensive and timely information related to the update, including the work programme, the agreed list of update issues, related papers, the recommendations of the Advisory Expert Group and comments by countries and organizations on them and, most recently, draft chapters and comments on them.

6. The update process has followed a strategy of six main elements. First, a list of 44 issues, endorsed by the Statistical Commission, framed the tasks in the issue-oriented phase of the project. Second, topical ad hoc and standing expert groups took the lead in researching issues and preparing well-documented proposals. Third, the Advisory Expert Group considered those proposals at four meetings and in e-discussions over a two-year period and made recommendations. Fourth, countries provided their views of the recommendations, initially as they emerged from each Advisory Expert Group meeting, and then, in early 2006, on the set of provisional recommendations, which were assembled in a single document to facilitate a review of consistency of the recommendations and robustness of the system. Fifth, the Intersecretariat Working Group reviewed in depth the country comments and brought to the Commission a package of recommendations on the update of the 1993 SNA, which, as noted in the Introduction, the Statistical Commission adopted. Sixth, in a drafting and review phase that began in the second half of 2006, the existing text of the 1993 SNA was updated to incorporate the recommendations and clarifications. Volume 1 of the planned two volumes of the updated SNA is ready, in accordance with the proposal made by Intersecretariat Working Group to the Statistical Commission at its thirty-eighth session.

B. Drafting and review of volume 1

7. At the time the Statistical Commission held its thirty-eighth session, 10 chapters of volume 1 had been drafted on the basis of the provisional recommendations. Those draft chapters were posted on the project website and invitations to comment on them were sent to countries (national statistical offices and interested central banks). Since then, other chapters have been posted for review and comment.

8. Several features of the transparent and consultative process of reviewing and commenting on draft chapters may be noted. On average, 17 sets of comments were received on each chapter, with 31 different statistical offices, central banks, and individual experts commenting in addition to the Intersecretariat Working Group organizations. All comments, which ranged from helpful editorial comments to thoughtful substantive comments, are available on the project website. The individual comments on a chapter were analysed by the Intersecretariat Working Group organizations and grouped into several categories, on one end those for the editor's discretion and on the other those requiring further consultation with the Advisory Expert Group. A number of comments were on the text of the 1993 SNA unrelated to the recommendations, asking for additions or deletions that were beyond the scope of the update. Another frequent request was for examples worked out with hypothetical values; often these could not be undertaken within the allowed time frame (see para. 14).

9. During a meeting in March 2007, the Advisory Expert Group discussed comments on the chapters that make up the sequence of accounts, and the views of the Advisory Expert Group were sought on several points that came up later. On a few controversial points, revised passages were posted for comment, as addenda to the chapter, on the project website. On a number of points raised in the comments, including those on consistency with other manuals and on fleshing out agreed recommendations, the Intersecretariat Working Group provided advice to the editor (a record is found in the minutes of the meetings of the Intersecretariat Working Group, which are posted on the website). The editor revised the chapters, including

for the few instances where text needed to be brought into line with the package of recommendations adopted by the Statistical Commission. The revised chapters are posted on the project website along with a comparison file that flags changes from the earlier draft version of the chapter.

10. The titles of the chapters in volume 1 are listed in the annex to the present report. They are informally grouped to give more sense of the structure of the volume. Chapters III-XVII were edited and reviewed as described above. Because they do not present recommendations and thus did not require substantive changes, chapters I and II, the Introduction and Overview, respectively, were updated on the basis of the advice of the Advisory Expert Group. Annex I of volume 1 presents the coding and accounting structure of transactions and other flows and assets, and annex II presents the accounts. A preface provides a broad view of the volume and acknowledges the many and substantial contributions over the life of the update thus far.

11. For continuity, the numbering of chapters in volume 1 was kept the same as in the 1993 SNA through those on the sequence of accounts — that is, through to chapter XIII. The recommendations and clarifications required new text in all chapters, but not the Introduction or Overview. However, the fact that the recommendations fell into four main groups — related to assets, financial services, stocks and flows characteristic of economic globalization and government, and the public sector — led to concentrations of new text in chapters affected by those recommendations. For example, many of the recommendations on assets resulted in the inclusion of new text in the following chapters: the production account; the capital account; other changes in assets account; and the balance sheet. Many of the recommendations on financial services resulted in inclusion of new text in the following chapters: the production account; the financial account; other changes in assets account; and the balance sheet.

12. Two chapters are entirely new. Chapter XVI, on summarizing and presenting the accounts, shows how standard aggregates, such as gross domestic product and income measures, are related to the sequence of accounts. It also shows how flows to and from the rest of the world convert gross domestic product to gross national income. It sheds light on how the SNA provides a framework within which other systems — notably those described in manuals on balance of payments, monetary and financial statistics and government finance statistics — can be elaborated in a consistent manner. Chapter XVII, on cross-cutting and other special issues, pulls together explanations of new treatments on several complex topics, providing a more comprehensive view than would be likely to emerge from the discussions at appropriate points in earlier chapters. These topics are: insurance; social insurance; loan guarantees; pensions; entries associated with financial assets and liabilities; contracts, leases and licences; and employee stock options.

13. Following the precedent of the 1993 SNA, the collaborative effort of the member organizations of the Intersecretariat Working Group in producing the volume will be recognized by the presence of the five official logos on the cover. In other ways, however, the volume breaks precedent and features several innovations. National accounting concepts and terms are not only defined in a glossary but are also identified within the text so that the definitions may be seen in context. The tables, which present a fully developed numerical example running through the

sequence of accounts, have been put in the form most often used for publication. More references to other manuals and related materials are provided than in the past.

14. From the outset it was planned to make the volume available online in electronic format on the website of the Statistics Division as well as in the traditional hard copy. The electronic version will have several features that enhance its usefulness to a wide range of users. It will include a set of downloadable tables that can be used by statistical offices as a starting point for their own work or by students to experiment with alternative numerical values to watch the consequences unfold for the whole set of accounts. Over time, numerical examples, one of the most frequent suggestions in the comments, and other explanatory and reference material will be added. Updates on important ongoing research related to key topics, such as on research and development and on goods for processing, can be provided as a growing knowledge base for the implementation of national accounts.

15. The Intersecretariat Working Group is presenting volume 1 of the updated SNA for adoption by the Statistical Commission. As soon as possible after adoption, the Intersecretariat Working Group will make available a pre-edit (white cover) version on the project website so that producers and users of national accounts will have immediate access to the updated international statistical standard. A white-cover version in hard copy will follow. The Intersecretariat Working Group will pursue translation of volume 1 with a view to having arrangements in place when the requirements for editing have been met.

C. Next steps

16. The drafting and review of volume 2 on the interpretations and extensions of the accounts and tables will proceed following the present session of the Commission. The list of chapters planned for volume 2 is set out in the annex to the present report. The plan is ambitious. Adaptations in the process should be expected because the structure and content of most chapters in volume 2 are more subjective than they were for chapters in volume 1. For example, it is planned that the Advisory Expert Group will provide comments on detailed outlines of the chapters before they are drafted in order to narrow the focus of comments after they are drafted.

17. The working assumption is that the Advisory Expert Group will meet in the second half of 2008 to discuss comments of countries on the draft chapters of volume 2. The Intersecretariat Working Group, in addition to its overall role as a coordinating body, will continue to support the editor by reviewing drafts and conducting research and by helping to reach conclusions on points that come up in the drafting process, in consultation with the Advisory Expert Group as appropriate. The Statistics Division will continue to provide secretariat services and to maintain the project website.

18. Meanwhile, as requested by the Statistical Commission at its thirty-eighth session, the Intersecretariat Working Group is pursuing initiatives that will support the updated SNA and the implementation of national accounts in general. In particular, the following methodological activities respond to the concerns raised by the Commission:

(a) With regard to pensions, Eurostat, working with the European Central Bank, initiated a task force on government pension schemes in 2006. The Task Force is addressing a range of issues in recognizing pension entitlements;

(b) With regard to research and development, the OECD has set up a new task force with the objective of preparing a handbook on deriving capital measures of intellectual property products, covering research and development, software, mineral exploration and evaluation, and entertainment, literary or artistic originals. The handbook will provide guidance on deriving estimates of gross fixed capital formation, consumption of fixed capital, capital stock and the capital services provided by assets of intellectual property products. In doing so, the task force will address issues such as determining which expenditures for intellectual property products should be recorded as capital formation and estimating the service lives and prices of intellectual property products assets. As part of the revision of the *European System of Accounts 1995* (ESA95), Eurostat has created its own task force on research and development, the objective which is to prepare the way for the introduction of compulsory supplementary tables on research and development in the new European System of Accounts regulation. The two task forces will work in close cooperation, and it is expected that they will create the necessary basis to achieve the objective of including research and development in the core national accounts;

(c) With respect to merchanting and goods for processing, several organizations are considering taking or have undertaken initiatives to pursue different aspects. For instance, the Economic Commission for Europe/OECD/Eurostat Working Group on the Impact of Globalization on National Accounts has accepted the invitation of the Intersecretariat Working Group to contribute to the preparation of a set of operational guidelines for the treatment of merchanting and goods for processing in national accounts. The Working Group will coordinate its work closely with other forums;

(d) With respect to the integrated measurement of the informal sector within national accounts, work on the chapter on the informal sector, to be included in volume 2, has been pushed forward. A preliminary, limited circulation draft of the chapter was discussed by the Delhi Group on Informal Sector Statistics at a meeting in October 2007.

19. In addition, the Intersecretariat Working Group has continued to foster consistency across manuals and handbooks. For example, close coordination continues between work on the updated SNA and on the revised balance-of-payments manual. The editors of both volumes are striving for the greatest possible degree of consistency, even using the same words when appropriate. For environmental accounts, the ground has been laid for consistency with the revised *Handbook of National Accounting: Integrated Environmental and Economic Accounting*, which is expected to become an international standard. Efforts are getting under way to update a number of manuals and handbooks in national accounts and related fields to further their mutually supporting relationships. Full details about these efforts, which will be presented in a conference room paper containing the comprehensive implementation strategy, is set out in section III.D of the present report.

III. Strategy for the implementation of the updated System of National Accounts

A. Background and regional perspectives

20. At its thirty-eighth session, the Statistical Commission asked the Intersecretariat Working Group to submit a strategy for implementing the updated SNA. The proposed strategy is based on regional consultations undertaken during 2006 and 2007 that reflect user and producer perspectives, the latter of which are represented at both the most senior and technical levels. The strategy also takes into account the assessment of the different levels of implementation of the 1993 SNA in countries and was prepared with the recognition that many developed countries already have some plans for implementation. In October 2007, the OECD Working Party on National Accounts noted in a report that Australia planned to complete implementation by the end of 2009 and that almost all OECD member countries will have completed implementation by 2014. The strategy should have elements that are relevant to developing countries, many of which have not yet made firm plans.

21. The latest assessment of the level of implementation of the 1993 SNA by developing countries shows that it has risen sharply in recent years. Even for developing countries in regions other than Africa, 90 per cent of the countries report national accounts statistics to the Statistics Division. For Africa, the response rate is somewhat lower; 20 out of 53 countries do not report national accounts statistics to the Statistics Division. In terms of coverage of the national accounts statistics reported, the benchmark of milestone 2 is observed for 80 per cent and higher for developing countries in Western Asia and in Latin America and the Caribbean. With this milestone, a reporting country provides at least value added by economic activities and gross domestic product by expenditures, either in current and constant prices, and gross national income. For African countries that do report data, virtually all meet milestone 2. In terms of the conceptual compliance with the 1993 SNA, the rate of 53 per cent for developing countries seems low, but this average percentage masks the range of around 60 per cent for reporting countries in Africa and Asia, 50 per cent in Latin America and 11 per cent in Oceania.

22. In addition to the assessment of implementation by the Statistics Division, IMF has been using the Data Quality Assessment Framework to assess countries' statistical practices in national accounts and disseminating the results as data modules of the Reports on Observance of Standards and Codes. As of the last quarter of 2007, data module Reports on Observance of Standards and Codes had been published for 78 countries (see http://dsbb.imf.org/Applications/web/dqrs/dqrsroscs/). The 1993 SNA is the imbedded standard of the national accounts Data Quality Assessment Framework, and thus the data module Reports on Observance of Standards and Codes give an indication of the quality of 1993 SNA implementation. The practices in many of the assessed countries are not in full observance of best practice regarding source data, statistical techniques and resources to support the national accounts work.

23. The Intersecretariat Working Group presented a study on the factors impeding the implementation of national accounts to the Commission at its thirty-sixth session. The main factors identified were related to the lack of qualified staff resources and the lack of reliable source data. Regional seminars in 2006 and 2007

confirmed those two impeding factors. Moreover, they identified three additional impediments to the implementation of the SNA that needed to be addressed when developing the implementation strategy. The five impeding factors can be summarized as follows:

(a) Staff resources: number of employees and training are insufficient, staff turnover is too high, and recruitment efforts are insufficient;

(b) Coordination among technical assistance and training providers could be better;

(c) Training could be more pragmatic;

(d) Source data need strengthening;

(e) The promotion of good quality national statistics needs strengthening.

B. Modalities

24. Prior to the completion of the updated System of National Accounts, implementation was focused mainly on establishing the SNA integration framework in countries (see para. 26 below), compiling the system's aggregates and tables using existing data sources, and institutional arrangements. The implementation strategy that the Intersecretariat Working Group submitted to the Statistical Commission in 1994 encompassed four modalities for internationally diffusing national accounts standards and expertise. Those modalities, with the activities undertaken by the member organizations of the Intersecretariat Working Group, are as follows:

(a) The organization of meetings, training seminars and workshops supported a variety of courses and workshops in national accounts since the issue of the 1993 SNA;

(b) The provision of technical cooperation advanced the use of the 1993 SNA integration framework in countries' systems of economic statistics through conducting advisory missions and working directly with the staffs of national offices;

(c) A series of manuals and handbooks was published, comprising a series of methodological guides that mainly elucidated the integration framework of the national accounts and included price statistics guides that addressed data source issues as well as the SNA integration framework;

(d) Sponsorship of research: undertook research in support of the implementation of SNA concepts and its satellite accounts, and the related methodological guidelines.

25. Drawing from the outcome of regional outreach seminars, the study of impediments, the results reported to the Statistics Division and the IMF data-quality assessments of countries' national accounts, the Intersecretariat Working Group proposes to retain but refocus the four modalities of the SNA implementation identified in paragraph 24 above. In addition, the message from the regional seminars described in paragraph 23 (e) highlights the important role of statistical advocacy in sustaining national support for viable economic statistics and national

accounts programmes. Therefore, the Intersecretariat Working Group suggests adding statistical advocacy as a fifth implementation modality.

26. In considering how to refocus the modalities of SNA implementation that are still relevant, implementation of the national accounts can be characterized in terms of the building blocks of the statistical production process. The starting block comprises the institutional and legal framework, staff, technology and financial resources. The second block represents the registers and frames from which the units are selected for the collection of administrative and survey data; the third block consists of the various data-collection instruments, the sample designs and source data collected; and the fourth block constitutes the integration frameworks for organizing and consolidating the source data. The fifth, and last, block represents the dissemination of statistics. For national accounts, the SNA is itself an integration framework, and it may be tempting to view the implementation of the updated SNA as putting the integration framework (that is, the fourth block) into place in countries. However, success is measured at the last block, the dissemination of statistics, and success in dissemination depends fundamentally on working with all of the building blocks. A similar but more detailed description of this holistic view of the statistical production process is presented in the Report of the Friends of the Chair on integrated economic statistics under agenda item 3 (e) of the thirty-ninth session of the Statistical Commission.

C. Building capacity: training and technical cooperation

27. Training and technical cooperation activities for the implementation of the updated SNA are of particular relevance to developing countries. These activities are being planned with due consideration of the fact that for developing countries, implementing the update of the 1993 SNA still is, in large measure, implementing the 1993 SNA. In order to meet the challenges of the next decade of national accounts development, training and technical cooperation activities need to take into account all the elements of the statistical production process. In taking a holistic view of that process, training and technical cooperation need to take into consideration not only the integration framework but also other elements, such as reflecting the creation and maintenance of statistical business registers and other frames, the design of surveys and use of administrative information systems to generate relevant source data, the dissemination of statistics and institution-building. The last element of the process is relevant to arranging inter-agency service agreements, creating advisory committees and strengthening the legislative and regulatory framework, and managing and retaining a professional statistical staff. Moreover, technical assistance will focus on changes embodied in the updated SNA that are likely to affect developing countries' implementation of national accounts standards in the years ahead.

28. Training programmes will be designed with the aim of providing guidance on how to deal with institutional limitations that can constrain national accounts implementation. The training will raise awareness of the critical role of securing resources to sustain the statistical programmes supporting the national accounts. Also, training and technical cooperation will share and promote best practices on building and sustaining skilled management infrastructure to coordinate existing staff, technology and capital resources.

29. The training programme will be implemented mainly through organization of meetings, training seminars, and workshops in national accounts as a concerted effort of the member organizations of the Intersecretariat Working Group. Actively pursuing those initiatives at the regional and subregional levels should enable countries that have had similar SNA implementation experiences to help one another. Moving towards the development of a coherent curriculum, the delivery of which is shared across training institutions, would be a significant step in promulgating best practices in the elements of the statistical process.

30. While technical cooperation helped establish the SNA as the overarching framework for economic statistics systems in a large number of developing countries, the implementation programme needs to take into account the complete statistical production process. This refocused programme should build on existing initiatives. One example of existing initiatives is the support provided by the World Bank to countries to elaborate national strategies for development of statistics within the framework of the Partnership in Statistics for Development in the Twenty-first Century, as well as under its Statistical Capacity-building Programme providing financing for building statistical capacity. Another example is the recent work by IMF to incorporate statistical development programmes into poverty reduction strategy papers and thus into medium-term public expenditure planning.

31. Overall, technical assistance for the implementation of the updated SNA needs to focus on improving coordination among providers of advice and financial resources. This focus should encompass sectoral coordination of technical cooperation for statistics across priorities of the development partners.

32. The supporting document containing the comprehensive implementation strategy provides further detail on training and technical cooperation.

33. From 6 to 8 May 2008, Eurostat and the United Nations Statistics Division will host a conference in Luxembourg to address the coordination of capacity-building work at the national and international levels as a first priority in carrying forward implementation of the updated SNA. Participants at the meeting will include a wide range of development agencies and representatives from some 70 developing countries. The aim of the meeting is to reach an agreed set of elements for a common planning, monitoring, and evaluation framework for technical cooperation among the providers and recipients. This will help mainstream strategic planning for national accounting in developing countries and build capacity within the five main building blocks of the statistical production process.

D. Manuals and handbooks

34. The publication of a series of manuals and handbooks will support the implementation of the updated SNA across the full range of countries. Such methodological guides will provide practical compilation guidance and will address the more fundamental issues of data source and quality. Further updates of existing manuals will be needed, both those on national accounts and on other fields of economic statistics. Challenges lie ahead both in identifying areas to be revised in the manuals for harmonization with the updated SNA and in issuing expeditiously the updated and new manuals.

35. Responsibility for the preparation of the manuals will be shared among the member organizations of the Intersecretariat Working Group. The list of planned manuals is provided as part of the supporting document containing the detailed implementation strategy.

36. Moreover, there is a need for the methodological guides to be made available in all official languages of the United Nations on a timelier basis than in the past. Experience and feedback from countries has shown that the lack of availability of guides in languages other than English significantly slows implementation.

E. Research

37. Applied research will be undertaken under the leadership of the member organizations of the Intersecretariat Working Group in support of the implementation of concepts from the updated SNA and its satellite accounts. Research needs to be pursued as a continuous activity to ensure robust and rapid implementation of existing and newly agreed statistical guidelines as a first priority, given the rapid pace of technological change and financial innovation.

38. Research also should continue on the development of new concepts to meet new measurement challenges, as laid out in the SNA long-term research agenda. The long-term research agenda was discussed and supported at the March 2007 meeting of the Advisory Expert Group. Commenting on the nature of work that will be needed to carry the research programme forward, the Advisory Expert Group recommended that the list of possible topics on research agenda be prioritized, with only a few (three to five) issues on the forefront at any given time. The open-ended list of issues on the long-term research agenda is posted for reference, comments and suggestions for additional topics at http://unstats.un.org/unsd/sna1993/research/rissueList.asp.

F. Advocacy

39. Promoting good quality national accounts statistics is essential in establishing sound macroeconomic policy with a coherent medium-term budgetary framework. Moreover, this promotion will advance the integration of trade, income and financial flows between the domestic economy and the rest of the world and the link between the real and financial sectors. The member organizations of the Intersecretariat Working Group have been asked to develop a communication strategy demonstrating the System of National Accounts as the overarching statistical framework, advocating its usefulness for policy purposes and promoting its use to link the economy with the environment and society.

40. An integral component of the implementation strategy, advocacy aims to support an ongoing dialogue among statistical producers, the various levels of government, the business sector, the academic community, and the general public about user needs for official statistics and progress in meeting those needs. This recurrent communication can be established through targeted workshops, conferences, press releases and promotional materials that highlight the benefits of good-quality official statistics in general and national accounts in particular. These regular engagements between the producers of statistics, the providers of basic data

and the users of national accounts will reinforce a better-funded, cost-efficient and user-oriented national accounts programme.

IV. Creation of a high-level group to consider the future direction of the development of the System of National Accounts

41. The Commission at its thirty-eighth session requested the Intersecretariat Working Group to establish a high-level group on national accounts to examine the long-term implications of rapid changes in the global economy, users' needs and other factors on future methodological development of the System of National Accounts.

42. During 2007, the Intersecretariat Working Group held consultations with several heads of statistical offices to discuss the main modalities of the high-level group, including its mandate, functions, composition and governance. These consultations led to the conclusion that a meeting will be convened by the Working Group in the summer of 2008, with the involvement of interested countries. The objective of the conference is to work out the aforementioned modalities of the high-level group on national accounts. A final proposal about the composition of the group and its work programme will be submitted to the fortieth session of the Commission in 2009.

V. Points for discussion

43. **The Commission is requested to:**

(a) **Adopt the draft of volume 1 of the updated SNA as the international statistical standard for national accounts statistics and encourage countries to implement the standard;**

(b) **Recommend that countries use the updated SNA as the integration framework for economic and related statistics and use the updated SNA in the international reporting of national accounts statistics;**

(c) **Comment on the proposed implementation strategy of the updated SNA covering five modalities: (i) organization of meetings, training seminars and workshops; (ii) provision of technical cooperation; (iii) publication of manuals and handbooks: (iv) sponsorship of research; and (v) statistical advocacy.**

Annex

List of chapters in volumes 1 and 2 of the updated System of National Accounts

Volume 1

Part 1: Introduction and overview

Chapter I Introduction

Chapter II Overview

Part 2: Accounting conventions

Chapter III Flows, stocks and accounting rules

Chapter IV Institutional units and sectors

Chapter V Establishments and industries

Part 3: The sequence of accounts

Chapter VI The production account

Chapter VII The distribution of income accounts

Chapter VIII The redistribution of income accounts

Chapter IX The use of income accounts

Chapter X The capital account

Chapter XI The financial account

Chapter XII Other changes in assets accounts

Chapter XIII The balance sheet

Part 4: Integration and elaboration of the accounts

Chapter XIV The goods and services account and supply and use tables

Chapter XV Price and volume measures

Chapter XVI Summarizing and presenting the accounts

Chapter XVII Cross-cutting and other special issues

Volume 2

Part 5: Using the accounts

Chapter XVIII Elaborating the accounts

Part 5.1: Productivity issues

Chapter XIX Population and labour inputs

Chapter XX The role of capital services in the national accounts

Part 5.2: Sectoral-based aspects

Chapter XXI Measuring corporate activity

Chapter XXII The government and public sectors

Chapter XXIII Non-profit institutions in the system

Chapter XXIV Households

Chapter XXV The informal sector

Chapter XXVI The rest of the world account (external transaction account)

Chapter XXVII The link to financial and monetary statistics

Part 5.3: Extending the accounts

Chapter XXVIII Input-output and other matrix-based analyses

Chapter XXIX Satellite accounts and other extensions of the system